



Harvest Energy Trust – News Release
(HTE.UN – TSX)
**HARVEST ENERGY TRUST ANNOUNCES CLOSING
OF \$30,000,000 INITIAL PUBLIC OFFERING**

DECEMBER 5, 2002

Calgary, December 5, 2002 – Harvest Energy Trust (“Harvest”) is pleased to announce the closing of its Initial Public Offering. At closing, a total of 3,750,000 trust units were issued at a price of \$8.00 per trust unit for gross proceeds of \$30,000,000. The underwriters have an option to purchase an additional 562,500 units at \$8.00 per unit. If exercised the total gross proceeds will be \$34,500,000.

The first distribution to Unitholders will be payable on January 15th, 2003 to Unitholders of record on December 31st, 2002. Harvest will pay monthly distributions to Unitholders and anticipates the December distribution to be \$0.20 per unit. The Board of Directors of Harvest will confirm the December distribution on or about December 17th, 2002.

The offering was made through a syndicate of underwriters led by FirstEnergy Capital Corp. and including Haywood Securities Inc. The net proceeds of the offering will be used to repay an interim loan provided to Harvest, with the balance being used to reduce the debt outstanding under the existing credit facility and to finance Harvest’s ongoing development and acquisition programs.

Harvest Energy Trust is a Calgary based oil and natural gas trust that strives to deliver strong, stable and predictable monthly cash distributions to its Unitholders through its strategy of acquiring, enhancing and producing crude oil, natural gas and natural gas liquids. Harvest has successfully employed a strategy of targeting mature, predictable, high quality medium and heavy gravity crude oil properties in East Central Alberta and will endeavor to deliver superior economic returns to Unitholders. Harvest currently operates approximately 99% of its production, enabling it to pursue additional asset growth through property optimization and enhancement. Current production levels are approximately 8,900 BOE/day and established (proved plus ½ probable effective August 1, 2002) reserves are 12.7 million BOE (6:1). Assuming the underwriters’ option is exercised Harvest will have 9,462,500 units outstanding and net debt will be approximately \$42 million or 1.0 times annualized cash flow.

To maintain its unique “going concern” strategy, Harvest will utilize an approach of retaining up to 50% of its cash flow for capital reinvestment in the form of existing property enhancement and new property acquisitions. Augmenting this active reinvestment program Harvest has implemented a risk management strategy to mitigate distribution volatility caused by crude oil price movements by utilizing a series of commodity hedges and physical sales contracts with expiration dates extending to July 2005. For 2003, Harvest has mitigated approximately 70% of its WTI oil price exposure and eliminated approximately 60% of its heavy oil differential exposure.

Jacob Roorda, President of Harvest Operations Corp., the manager for Harvest, stated: “We are pleased to have completed our Initial Public Offering, and to have the opportunity of allowing our Unitholders to

participate in our "going-concern" strategy. We are confident that our strong technical and operating team combined with our unique "going-concern" strategy will enable us to deliver stable and predictable cash distributions, at superior distribution yields."

The trust units offered have not and will not be registered under the *United States Securities Act of 1933*, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold in the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable states securities laws. The offer was made in Canada only pursuant to a prospectus.

For further information, please contact:

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Certain information set forth in this document, including management's assessment of Harvest's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Harvest's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Harvest's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Harvest will derive therefrom. Harvest disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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